

HOUSE No. 2495

By Mr. Larkin of Pittsfield, petition of Peter J. Larkin and others for legislation to establish an education and training improvement tax credit program. Revenue.

The Commonwealth of Massachusetts

PETITION OF:

Peter J. Larkin
John W. Scibak

Susan C. Tucker
Joyce A. Spiliotis

In the Year Two Thousand and Five.

AN ACT RELATIVE TO IMPROVING EDUCATIONAL AND TRAINING OPPORTUNITIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 63 of the General Laws, as appearing in the 2000 Offi-
2 cial Edition, is hereby amended by adding the following
3 section:—

4 Section 38R. (a) As used in this section, the following terms
5 shall have the following meanings:

6 “Corporation”, shall mean any domestic or foreign corporation
7 subject to tax under this chapter.

8 “Educational improvement organization”, shall mean a Massa-
9 chusetts based nonprofit entity that is exempt from federal taxa-
10 tion under section 501 (c) (3) of the Federal Internal Revenue
11 Code, as amended and in effect for the taxable year, and con-
12 tributes at least 80% of its annual receipts as grants to a public
13 school for innovative educational programs, or for additional
14 public school space or community centers.

15 “Eligible student”, shall mean a school-age student who is
16 enrolled in a school and is a member of a household with an
17 annual household income of not more than an amount established
18 by the department of education.

19 “Innovative educational program”, shall mean a program
20 designed to enhance academic standards and curriculum frame-
21 works established under sections 1D and 1E of chapter 69 of the
22 General Laws in order to promote the academic achievement of
23 students in the public school.

24 “Public school”, shall, mean any public kindergarten, elemen-
25 tary, middle, or secondary school of any school district in the
26 commonwealth.

27 “Scholarship organization”, shall mean any Massachusetts
28 based nonprofit entity that is exempt from federal taxation under
29 section 501 (c) (3) of the Federal Internal Revenue Code, as
30 amended and in effect for the taxable year, and contributes at least
31 80% of its annual receipts to a scholarship program.

32 “Scholarship program”, shall mean a program to provide tuition
33 to eligible students to attend a school located in the common-
34 wealth.

35 “School”, shall mean any public or nonpublic kindergarten, ele-
36 mentary, middle, or secondary school in the commonwealth.

37 “School age student”, shall mean students from the earliest
38 admission age to a school’s kindergarten program, until the end of
39 the school year the student attains 18 years of age or graduation
40 from high school, whichever occurs first.

41 “Workforce training program”, shall mean training designed to
42 increase the skills of low-skilled workers in order to promote job
43 retention, job growth, or increased wages for such workers.

44 “Workforce training organization”, shall mean any Massachu-
45 setts based nonprofit entity that is exempt from federal taxation
46 under section 501 (c) (3) of the Federal Internal Revenue Code, as
47 amended and in effect for the taxable year, and contributes at least
48 80% of its annual receipts to workforce training programs under-
49 taken by employers, employer organizations, community colleges,
50 labor organizations, training providers, industry associations, or
51 regional employment boards.

52 (b) There is hereby established an education and training
53 improvement tax credit program to enhance the educational
54 opportunities available to all students in the commonwealth, and
55 to provide workforce training opportunities for low-skilled
56 workers.

57 (i) In order to qualify under this section, an educational
58 improvement organization or a scholarship organization must
59 submit information to the department of education that enables the
60 department to confirm that the organization is exempt from taxa-
61 tion under section 501 (c) (3) of the Internal Revenue Code, as
62 amended and in effect for the taxable year, and that it meets such
63 other requirements as the department may establish to further the
64 purposes of this section. An application submitted by an educa-
65 tional improvement organization must describe its proposed inno-
66 vative educational program or programs, or project to provide
67 additional public school space or community centers, in a manner
68 and form prescribed by the department. The department shall
69 review and approve or disapprove the application. The department
70 shall establish guidelines to determine the eligibility of innovative
71 programs, or projects to provide additional public school space or
72 community centers. A scholarship organization must certify to the
73 department that the organization is eligible to participate in the
74 program established under this section. A scholarship program
75 must include an application and review process, approved by the
76 department, for the purpose of making awards to eligible students.
77 The award of scholarships to eligible students shall be made
78 without limiting availability to only students of one school. The
79 department shall notify the educational improvement organization
80 or the scholarship organization that the organization meets the
81 requirements of this section for that fiscal year no later than 60
82 days after the organization has submitted the information required
83 under this section.

84 (ii) In order to qualify under this section, a workforce training
85 organization must submit information to the department of eco-
86 nomic development that enables the department to confirm that
87 the organization is exempt from taxation under section 501 (c) (3)
88 of the Internal Revenue Code, as amended and in effect for the
89 taxable year, and that it meets such other requirements as the
90 department may establish to further the purposes of this section.
91 The department shall establish guidelines to determine the eligi-
92 bility of workforce training programs; provided, that workforce
93 training programs shall be limited to programs that provide
94 training in transferable skills. An application submitted by a
95 workforce training organization must describe its proposed work-

96 force training program in a manner and form prescribed by the
97 department. The department shall review and approve or disap-
98 prove the application. The department shall notify the workforce
99 training organization that the organization meets the requirements
100 of this section for that fiscal year no later than 60 days after the
101 organization has submitted the information required under this
102 section.

103 The department of education and the department of economic
104 development shall annually send to the department of revenue a
105 list of each educational improvement, workforce training, or
106 scholarship organizations qualified under this section, and shall
107 annually publish such list in the Massachusetts Register. The list
108 shall also be posted on the publicly accessible worldwide web site
109 of the departments of education, economic development, and rev-
110 enue.

111 Any corporation may apply to the department of revenue for a
112 tax credit under this section. The corporation shall be granted such
113 tax credit if the educational improvement, workforce training, or
114 scholarship organization appears on the list required by this
115 section. Tax credits under this section shall be made available by
116 the department of revenue on a first-come-first served basis within
117 the limitation established in this section. The department of rev-
118 enue shall grant a tax credit against any tax owed under this
119 chapter to any corporation providing proof of a contribution to an
120 educational improvement, workforce training, or scholarship orga-
121 nization qualified under this section in the taxable year in which
122 the contribution is made, which shall not exceed 50% of the total
123 amount contributed during the taxable year by such corporation.
124 Such credit shall not exceed \$250,000 annually per corporation.
125 The department of revenue shall grant a tax credit of up to 75% of
126 the total amount contributed during the taxable year if the corpo-
127 ration provides a legally binding written commitment to provide
128 the educational improvement, workforce training, or scholarship
129 organization with the same amount of contribution for two con-
130 secutive tax years. The corporation shall provide such legally
131 binding written commitment under this section to the department
132 of revenue at the time of application.

133 The commissioner of revenue shall promulgate such rules and
134 regulations as are necessary to implement the provisions of this

135 section. Such rules and regulations shall include, but need not be
136 limited to, provisions to prevent the generation of multiple deduc-
137 tions/credits with respect to qualifying expenses. Any amount of
138 the education and training improvement tax credit that exceeds the
139 tax due for a taxable year may be carried forward to any of the
140 three subsequent taxable years. All or any portion of the tax
141 credits issued in accordance with the provisions of this section
142 may be transferred, sold, or assigned to parties who are subject to
143 taxation pursuant to this chapter. A corporation desiring to make
144 any such transfer, sale or assignment shall provide to the depart-
145 ment of revenue such information, as the department shall require,
146 so that the education and training improvement tax credit can be
147 properly granted.

148 A scholarship received by an eligible student shall not be con-
149 sidered to be taxable income under chapter 62.

150 The total aggregate amount of all tax credits granted under this
151 section shall not exceed \$75,000,000 in a fiscal year. No less than
152 \$25,000,000 of the total aggregate amount shall be used to pro-
153 vide tax credits for contributions from corporations to educational
154 improvement organizations. No less than \$25,000,000 of the total
155 aggregate amount shall be used to provide tax credits for contribu-
156 tions from corporations to workforce training organizations. No
157 less than \$25,000,000 of the total aggregate amount shall be used
158 to provide tax credits for contributions from corporations to schol-
159 arship organizations.